

Finding of No Significant Impact and Record of Decision

Type of Action: Application for Permit to Drill, 3100.00
Right-of-way, 2884.01

Serial Number: AA-081854, AA-081851, And FF-92931

Applicant: ConocoPhillips Alaska, Inc. (CPAI)
P.O. Box 1100360
Anchorage, Alaska 99510-0360

District: Northern Field Office

Planning Unit: National Petroleum Reserve in Alaska (NPR-A), Northeast Planning Area

Lands Involved: The lands are described as proposed drilling locations within lease tracts (right of way legal description can be found in the referenced case file) in the following locations:

T16N, R10W, Sec. 35, Umiat Meridian
T15N, R10W, Sec. 09, Umiat Meridian

Environmental Assessment Summary:

The applicant, ConocoPhillips Alaska, Inc. (CPAI), proposes to conduct winter season oil and gas exploration drilling activities. The proposed action consists of drilling on up to 2 locations over 2 years with 5 years of access. The proposed action includes a combination of access methods (snow trails, snow roads, ice roads, and ice runways) with all stationary work occurring on ice work pads. The proposal follows the drilling exploration design reviewed in the NPR-A Integrated Activity Plan and Environmental Impact Statement (IAP / EIS). The proposal was also prepared to be consistent with the stipulations presented in the IAP/EIS Record of Decision (ROD), signed October 7, 1998. The stipulations in turn were prepared by the Bureau of Land Management (BLM) to fulfill the decisions of the IAP/EIS. The following excerpt from this ROD explains the goal of the plan and stipulations:

The plan emphasizes restrictions on surface activities, consultation with local residents, and coordinated scientific studies to protect wildlife habitat, subsistence use areas, and other resources. At the same time it makes approximately 87 percent of the planning area available for oil and gas leasing. In reaching the decisions embodied in this Record of Decision (ROD), BLM has received extensive assistance from other Federal agencies, the State of Alaska, the North Slope Borough, and thousands of individuals and institutions who have shared their knowledge and insights about the resources and values associated with the planning area. (ROD, page 1)

The EA evaluates the proposed action and incorporates, by reference, previous relevant studies and findings on exploration in the Northeast NPR-A, and the North Slope in general. On-the-ground inspections and discussions were jointly held with the applicant and BLM staff members who contributed to the EA. The applicant discussed its project proposal with local residents in local village meetings on a regular basis over the last four two years as noted in the EA (Table 3). The applicant has presented and discussed this project with the Subsistence Advisory Panel (SAP) as required by the ROD. The applicant has also presented the project to the Research and Monitoring Team (RMT). The applicant has received an Alaska Coastal Management Plan (ACMP) Consistency Determination for this project.

In addition to consideration of the direct and cumulative impacts of the proposed action and the mitigation measures from the ROD, all of which will be applied, the BLM also considered site-specific mitigation measures incorporated in other agency permits. The project plan further underwent modifications as ConocoPhillips worked with the public, BLM and the 3rd party EA contractor to discuss, analyze, and mitigate potential impacts. Stipulations and restrictions developed by the various agency review processes and this EA include: ensuring that ice road/bridge crossings of fish-bearing streams are designed to minimize disturbance of fisheries, restricting the use of certain lakes, and designing snow roads as an option to single use trails and ice roads. Impacts from the proposed action on fish and wildlife are expected to be only brief, localized disturbances. No impacts are expected to threatened or endangered species and only very minor effects are foreseen for soils and vegetation, with no loss of diverse habitat types. These minor impacts are mitigated effectively by requirements of travel only when the ground is frozen and when there is adequate snow cover. Minor, temporary impacts on air and water quality are mitigated effectively through the various agency permits and requirements. Company standard practices reinforced by lease stipulations promote careful storage, handling, and disposal of fuels, drilling materials, and wastes (including drilling wastes, domestic wastewater, and solid wastes).

The applicant has established an open, iterative process with local, state, and federal governmental entities, local non-government groups, and local residents. The proposed action incorporates the recommendations of these groups to ensure that the program is technically feasible and environmentally sound. It is concluded that the 79 stipulations included by the Secretary of the Interior in the ROD for the Final IAP/EIS for the Northeast NPR-A (1998), combined with the ACMP consistency review, other agency permit requirements and North Slope techniques and procedures used by the applicant, and mitigation and monitoring measures incorporated into the applicant's exploration plan are adequate to assure protection of the environment, of subsistence resources, and access thereto, and of resources within the Colville River Special Area, Teshekpuk Special Area and Land Use Emphasis Areas (LUEA). As a result, no significant impacts are expected from this proposed action. Cumulative impacts have been described in this EA and it has been determined that no significant cumulative effects will result from this action combined with the reasonable foreseeable effects of other past, present, and future oil and gas activities in the area.

Related Environmental Documents

A number of environmental documents are referenced in the EA and are listed on page ii. However, the primary documents used include:

- Environmental Assessment (AK-023-02-033), Puviaq Storage Site, National Petroleum Reserve - Alaska (NPR-A). USDOI BLM, Alaska, Northern Field Office. March 2002.
- Environmental Assessment (AK-023-02-005), National Petroleum Reserve - Alaska (NPR-A) 2001-2006 Exploration Drilling Program. USDOI BLM, Alaska, Northern Field Office. December 2001 (Minor revision January 2002).
- Environmental Assessment (AK-023-02-004), National Petroleum Reserve - Alaska (NPR-A) Altamura Prospect Exploration Program. USDOI BLM, Alaska, Northern Field Office December 2001. (Minor revision January 2002).
- Final Findings of the Director, Oil and Gas Lease Sale, North Slope Foothills Area-wide 2001. February 2001. Alaska Department of Natural Resources Division of Oil and Gas. Anchorage, Alaska.
- Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/ Environmental Impact Statement. BLM, in cooperation with the Minerals Management Service. August 1998.

Public Access to the Process

Notices of Staking were posted as required by Onshore Order No. 1 on July 27, 2002 in the Anchorage and Northern Field Offices of BLM.

The project proposal was made available and EA development began in the first week of October 2001. An EA Index number was obtained from the Northern Field Office EA logbook in early November. The EA was completed on December 17, 2002. Copies of the EA are available at the Fairbanks and Anchorage BLM Public Rooms.

Public comments were received on the project through the Costal Zone Management Review. They focus on the following issues:

Comment: Subsistence Concerns.

The IAP/EIS evaluated hypothetical drilling scenarios and noted numbers and classifications of wells. Expressing specific scenarios with hard numbers, however, tends to give the impression of definitive number limitations. Hypothetical drilling and production scenarios are simply the agency's best estimate given the knowledge, technology, and economics at the time. These scenarios provide conditions to evaluate against and develop stipulations for. As the economic climate changes, industry plans change. What we find is that the number of drilling pads is more important than the number of wells planned. Experience from examining pad locations in the summers of 2000 and 2002 and a comprehensive review of all pads and trails sites under the 1998 EIA/IAP conducted in August 2002 suggest that the impact of ice pads and roads is minimal. This is consistent with the BLM's experiences in the 1976-81 and 1983 drilling programs. Stipulations developed through the EIS commonly tend towards protection of resource values on an area scale and towards maintaining a resource standard as opposed to being specific reactions to specific actions. The assumption is that the site specific EA will fulfill the need to provide mitigating measures specific to the site and the action.

The BLM relies on the IAP/EIS for an overall view of the activities that are expected in an exploration program. The stipulations were developed in concert with the State of Alaska and the North Slope Borough. We have found these stipulations to be very complete in detail. The site specific EAs have added very little for new stipulations. Instead, the leaseholder has routinely made modifications in their program to resolve concerns.

An example of the site-specific resource analysis process in action is that for fish and non-fish bearing lakes. During the development of the project plan and the EA, where field studies show that no fish exist in a lake, but traditional knowledge (knowledge of local elders) hold that fish might be present, we have added the traditional knowledge base to the scientific base including both approaches to protecting fisheries. This approach extends the duration of the analysis from days to generations.

When specific further research needs are identified the information is provided to the Research and Monitoring Team. This group, established by the IAP, exists to help identify priorities in research needs.

The North Slope Borough maintains and provides industry with lists of specific sites that have potential historic value, are current use sites, and other locations of cultural interest. Stipulations exist in each lease restricting access to these sites. The BLM relies on the public meeting process as well as the Subsistence Advisory Panel both established by the IAP as methods for industry to present their programs to the public of the North Slope as well as subsistence users. These requirements were placed on industry at the request of the North Slope public during the preparation of the IAP. We have tried to illustrate in Table 3 of the EA the level of the community involvement that ConocoPhillips has actively engaged in on the North Slope.

The BLM Wildlife Biologist initiated the required Endangered Species consultation specific to this project with the U.S. Fish and Wildlife Service (USFWS). The USFWS provided a "no-effect" determination. The species that may be of concern are not present in the winter months when this

program will take place. The EIS excluded habitat areas critical for waterfowl and caribou and other mammals from leasing and development. The EA also notes that surveys have been performed for rare plants in the area.

There is always a desire for additional site-specific information. During the NPR-A exploration program of 1976 through 1984 the BLM prepared site specific EAs, approved drilling programs and access routes inspecting and evaluating the environmental impacts. The BLM's experience is there is no indication that the data are inadequate.

Comment: Concern for Impacts of water withdrawal for building ice roads.

Ice structure development is a tool developed to reduce the impact of short-term activities on natural resources. It is an accepted alternative to gravel road and pad construction. Our experience suggests that it is a sustainable approach to exploration. Although a concern over use of large amounts of lake water continues there are no documented instances of perceivable impacts. The multi-year lake water recharge study suggests that there is greater seasonal variation than water use impact. There are stipulations in the ROD that address water withdrawal. These stipulations are designed to protect water and fishery resources. For example, stipulation 20 limits the amount of water withdrawn from fish-bearing lakes for the protection of the fishery. This guideline is consistent with State of Alaska permits. While large amounts of water are proposed for the construction of the ice road network the amount of water actually used is very small in comparison to the large number of lakes available. Water removal is spread across multiple lakes reducing the impact on any one lake. Generally only a few of the larger lakes could provide enough water for the entire program and still be within the water limitation stipulations for the protection of fisheries. Traditional knowledge of fisheries has been accepted as a given each added to the sum total of knowledge of fish bearing lakes.

Comment: The Permitting Process and Field Studies.

BLM, the leaseholders, other agency personnel and contractors perform various field tasks throughout the year, from the inspection of sites, to the inventory of fisheries. While the BLM does endeavor to summarize all of that work in its EAs there is a great deal of data collected in the field that does not become part of a project plan. A specific example is the analysis of alternate lakes for water use. Many lakes are evaluated for lake water use. Only those that are feasibly within a useful distance and meet the construction needs are carried forward to the permitting process. Water use is permitted by Alaska DNR.

The leaseholder, its contract scientists and BLM resource specialists work together to design the field study projects. Those that are relevant to the individual program are included as part of the analysis process in site specific EAs. The resource specialists come together to determine the amount of information needed to adequately analyze and evaluate the issues of concern. The level of site-specific evaluation is relative to the action under consideration. NPR-A oil and gas drilling exploration programs are normally considered fairly minor actions by design. The resulting impacts are relatively minor and short term in nature.

The public meeting process has given those who practice traditional activities such as trapping and ice fishing an opportunity to connect not just with the leaseholder to make their concerns known but have also been directed to communicate with the North Slope Borough to ensure that any traditional use areas and campsites are recorded. This information is used as part of the early route planning. The North Slope Borough, the Inupiat Community of the Arctic Slope, and the Native Village of Barrow and interest individuals have all met with the leaseholder to discuss routes and protection of traditional use sites, Native Allotments, and other areas of cultural interest.

Traffic in the form of increased helicopter use due to summer field studies and winter overland travel or concerns of local residents. While the regulatory and environmental programs and the engineering layout work require a certain amount of summer activity the BLM asked all those who use helicopters in the summer to reduce the amount of flying directly adjacent to villages such as Nuiqsuit and this seems to have helped somewhat. Winter on the ground activity is fairly difficult to reduce while the

number of people affected is quite small. Roads and trails have been laid out to maintain minimum distances to cabins and campsites.

Comment: Waste Management.

Waste management on the North Slope of Alaska has become an increasing concern. The North Slope Borough has made significant strides in developing waste management programs for the villages and enforcing those of the industrial facilities of the region. The northern third of the NPR-A is an area of frequent winds. Trash that is not handled well frequently travels long distances and not every approved landfill is fenced. Private and industrial wind blown trash, especially paper products can produce a very expensive clean up task if not kept under control at the source. BLM monitoring of the exploration program, both winter and summer, notes fairly small amounts of debris. However, all permitted holders perform trash pick up visits to their use areas to ensure that nothing is left behind.

Fuel (normally diesel) is one area where constant attention is needed. Fuel storage sites are seldom problematic, but fuel transfer, whether from transport vehicle to storage tank or storage tank to the end user provides many opportunities for spills. Ice working surfaces actually have an advantage over ice for fuel spill cleanups and although small fuel spills are not uncommon; it is seldom that any amount of fuel reaches the vegetative surface. Ice pad clean up is continuous, all vehicles by CPAI policy carry “duck ponds” to place under engines while idling and under fill spouts for refueling.

Changes to the Plan of Operations and Additional Mitigation

ConocoPhillips' project proposal was designed to meet the requirements of the IAP/EIS lease stipulations. The action as proposed has been modified in response to various regulatory review processes, including the Alaska Coastal Zone Management Program, other agency permit requirements, public meetings in the affected communities (focusing heavily on cultural and subsistence concerns) and the NEPA process.

Oil spill plans are prepared for company wide operations and each well is required by the Alaska Department of Environmental Conservation to have its own site-specific spill plan. These well site amendments to the master plan include control and response information specific to the well.

ConocoPhillips' Lake Water recharge study is completed. The study project design was developed with hydrologists and engineers from BLM, BP, and ConocoPhillips. The specific task was to monitor the effects of water withdrawal from lakes used for ice roads /pads and other project requirements. We conclude that natural variations in lake water recharge are such that water use under current stipulations is not measurable after spring flows.

To answer the local public's expressed concerns over subsistence access and resource protection the leaseholders have hired local individuals to help monitor ice road construction and provide for subsistence representation on a daily level. These individuals are also assisting identifying campsites and other areas of cultural interest.

A winter exploration program by its seasonal nature is a valuable tool for environmental protection while allowing for energy exploration. It is important in any decision making related to a program with seasonal restrictions that seasonal variations are taken into account. The BLM has attempted through the design of the EA to allow flexibility while reasonably restricting industry, and meeting the need for environmental protection.

Stipulations

The ROD contains 79 stipulations developed through the IAP/EIS process. All of these stipulations have been included as lease stipulations in the lease documents held by the applicant and other NPR-A lessees, rights of way and permits. Relevant stipulations are discussed and evaluated in the EA specific to the project proposal. Stipulations are compared against the issues and evaluated against the need to meet specific resource protection requirements. The 79 stipulations apply to the applicant's proposal.

Stipulations protect surface resources and subsistence activities throughout the planning area. The plan also protects key surface resource and use areas identified through the planning process by strict restrictions on surface activities and, in 13 percent of the area, through a decision not to offer lands for oil and gas leasing. Included among the areas receiving special protections are important habitat for waterfowl and caribou in the vicinity of Teshekpuk Lake, wildlife habitat and recreation and scenic areas along the Colville River and some of its tributaries, and subsistence use lands critical to local residents near Teshekpuk Lake and several rivers and creeks. (ROD page v)

The stipulation for the hardened snow trails option will continue. The summer road and trail review of the 2001-2002 season showed this approach to be successful.

Subsistence

The IAP/EIS also determined that while the Preferred Alternative independent of associated cumulative effects did not reach the "may significantly restrict" threshold for impacts on subsistence applicable to section 810 of the Alaska National Interest Lands Conservation Act (ANILCA), assessed with past, present, and anticipated cumulative effects, the Preferred Alternative did cross that threshold. The plan, however, meets the legal requirements for Federal actions which may result in a significant restriction on subsistence uses; i.e. the restriction is necessary, consistent with sound management principles for utilization of the public lands; the plan involves the minimal amount of public lands necessary to accomplish the purposes of such utilization; and reasonable steps will be taken to minimize adverse impacts on subsistence uses and resources resulting from the plan. (ROD, page v-vi)*

The site-specific evaluation and finding completed to comply with Section 810 of ANILCA found no significant restrictions to subsistence use from this exploration plan beyond what has already been evaluated in the IAP/EIS. The Subsistence Monitoring Plan is intended to resolve subsistence concerns at a very early stage, thereby reducing or eliminating subsistence conflicts. The Subsistence Advisory Panel has reviewed this program in detail and added no additional requirements.

Conclusion

The proposed action, as modified by the applicant through changes to the Plan of Operations and mitigating measures reviewed in the environmental assessment (EA # AK-023-03-008), is found to have no significant impacts on the environment and will cause no undue or unnecessary degradation to the public lands. The action takes place in the winter season utilizing temporary structures of snow or ice. No permanent structures or facilities will result from the proposal. The impacts from the proposed action are short term and minimal. The action is found to be in conformance with existing land use plans for the area.

Cumulative impacts are evaluated in the EA and the effects of all other reasonably foreseeable past present and future activities in the area, combined with this project are not cumulatively significant.

The evaluation and finding done to comply with Section 810 of ANILCA found no significant restrictions to subsistence uses or resources.

Recommendation:

It is recommended that the Application for Permit to Drill (APD) and associated permits and rights of way be approved as described in the applicant's Plan of Operations.

The preparation of an Environmental Impact Statement is not recommended.

Applications for Permits to Drill will be approved under the authority of 43 Code of Federal Regulations Part 3160 (43 CFR 3160). The applicant shall be subject to the EIS/IAP ROD stipulations; lease

stipulations and the mitigating measures incorporated into the applicant's Plan of Operations, as well as regulations contained in 43 CFR 3160 through 3163, On Shore Orders, and Notices to Lessees.

Associated rights of way will we be approved under the authority of 43 CFR 2361.2.

The action is not inconsistent with the purposes of the Naval Petroleum Reserves Production Act of 1976 (NPRPA, P.L. 94-258).

Recommended by:

/s/ Donald C. Meares

12/19/2002

Donald C. Meares
Natural Resource Specialist

Date

Decision:

I have reviewed this environmental assessment including the explanation and resolution of any potentially significant environmental impacts. I have determined that the proposed action with the mitigation measures described therein will not have any significant impacts on the human environment and that an EIS is not required. I have determined that the proposed project is in conformance with the approved land use plan. It is my decision to authorize the proposed action including Permits to Drill on NPR-A Oil and Gas leases. The environmental protection measures afforded by the IAP/EIS ROD stipulations and the additional stipulation of the EA and FONSI are to be included in all permits.

Rationale for Decision:

The decision to allow the Proposed Action does not result in any undue or unnecessary environmental degradation of the public lands. The Proposed Action is in conformance with the objectives outlined in the Northeast National Petroleum Reserve - Alaska Integrated Activity Plan / Environmental Impact Statement and Record of Decision signed on October 7, 1998. All practicable alternatives and measures to reduce or eliminate impacts to wetlands and floodplains in the project area have been taken. Consultation with the U. S. Fish and Wildlife Service has resulted in a finding of "no-effect" for Threatened and Endangered Species including eiders and other water birds.

The action, as proposed, is not in conflict with other resources in the area and is in conformance with current policy of the Northern Field Office, BLM.

Finding of No Significant Impacts:

Based on the analysis of potential environmental impacts contained in the attached Environmental Assessment, (EA # AK-023-03-008) and the IAP/EIS and other environmental assessments incorporated into this analysis. I have determined that impacts are not expected to be significant and an environmental impact statement is not required.

The evaluation and finding done to comply with Section 810 of ANILCA found no significant restrictions to subsistence uses or resources.

/s/ Robert W. Schneider

12/19/02

Date _____

Robert W. Schneider
Field Manager, Northern Field Office

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